

FROM LEGAL TENDER TO PROHIBITION: COMPETING PARADIGMS IN CENTRAL BANK DIGITAL CURRENCY LAW

Summary

Before 2025, legislative intervention regarding central bank digital currencies (CBDCs) worldwide focused predominantly on enabling their issuance through legal tender designation and accompanying regulatory frameworks. The U.S. Anti-CBDC Surveillance State Act (S. 1124) represents a fundamental paradigm shift: legislation oriented towards prohibition rather than enablement. This article examines why the sovereign would legislate against its own monetary prerogative and proposes ‘legal desirability’ as the necessary analytical framework. Legal desirability involves systematic evaluation across five dimensions – legal authority, technological governance, risk management, institutional design, and operational resilience – filtered through jurisdiction-specific variables including payment system context, constitutional traditions, and policy objectives. This framework explains how jurisdictions applying identical analytical criteria may rationally reach opposing conclusions. The U.S. determination that the privacy–AML/CFT trilemma is unresolvable within constitutional constraints did not lead to the rejection of digital money innovation but to an alternative framework championing regulated private stablecoins. The article identifies two competing conceptions of monetary sovereignty underlying this divergence – sovereignty as state capacity versus sovereignty as constitutional restraint – and examines implications for legal tender doctrine, central bank independence, and the emerging multi-form digital money system.

Keywords: Central Bank Digital Currency, Legal Tender, Monetary Sovereignty, Financial Privacy, Legal Desirability.

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OD ZAKONSKOG SREDSTVA PLAĆANJA DO ZABRANE: SUPROTSTAVLJENE PARADIGME U OBLASTI PRAVA DIGITALNIH VALUTA CENTRALNIH BANAKA

Sažetak

Do 2025. godine, zakonodavne intervencije u oblasti digitalnih valuta centralnih banaka (CBDC) širom sveta bile su uglavnom usmerene na omogućavanje njihove emisije dodelom statusa zakonskog sredstva plaćanja i definisanjem regulatornog okvira. Američki zakon o zabrani i kontroli digitalnih valuta centralnih banaka (Anti-CBDC Surveillance State Act, S. 1124) predstavlja temeljan zaokret te paradigme: od zakona baziranog na omogućavanju do zabrane. U ovom članku ispituje se zašto bi suverena vlast donosila zakone protiv sopstvenih monetarnih ovlašćenja i predlaže se koncept „pravne poželjnosti“ kao neophodan analitički okvir. Pravna poželjnost podrazumeva sistematsku evaluaciju kroz pet dimenzija, uključujući pravnu nadležnost, tehnološko upravljanje, upravljanje rizikom, institucionalni dizajn i operativnu otpornost, koja je filtrirana kroz varijable specifične za datu jurisdikciju, uključujući kontekst platnih sistema, ustavnu tradiciju i ciljeve politike. Ovaj okvir objašnjava kako jurisdikcije koje primenjuju identične analitičke kriterijume mogu racionalno da dođu do suprotnih zaključaka. Odluka Sjedinjenih Američkih Država da se trilema privatnosti, sprečavanje pranja novca i finansiranja terorizma ne može rešiti unutar ustavnih ograničenja nije dovela do odbacivanja inovacija u domenu digitalnog novca, već do alternativnog okvira u kojem se promovišu regulisani privatni stabilni novčići (stablecoins). U članku su identifikovane dve suprotstavljene koncepcije monetarne suverenosti koje leže u osnovi ovog raskola – suverenost kao moć države u odnosu na suverenost kao ustavna ograničenja – i ispitane su implikacije u pogledu doktrine zakonskog sredstva plaćanja, nezavisnosti centralne banke i sistema višestrukih oblika digitalnog novca koji je u nastanku.

Ključne reči: digitalna valuta centralne banke (CBDC), zakonsko sredstvo plaćanja, monetarna suverenost, finansijska privatnost, pravna poželjnost

1. Introduction

Prior to 2025, legislative intervention in the field of central bank digital currencies (CBDCs) worldwide was predominantly oriented towards creating conditions for their issuance. The central legislative task consisted of granting public digital currency legal tender status, establishing issuance authority, and designing regulatory architecture for distribution and use. The Bahamian Sand Dollar Act (2020), the EU Digital Euro Regulation Proposal (COM(2023) 369), and various national frameworks shared this common assumption: that the legislator's role was to enable CBDC introduction. However, the U.S. Anti-CBDC Surveillance State Act (S. 1124, 119th Congress.Gov, 2025) and Executive Order 14178 represent a fundamentally different legislative posture – one oriented toward prohibition rather than enablement. This divergence raises a critical question for monetary and central bank law: what explains these opposing legislative approaches, and what analytical framework can account for jurisdictions reaching diametrically opposed conclusions regarding the same monetary innovation?

This divergence raises a critical question for monetary and central bank law: what explains these opposing legislative approaches, and what analytical framework can account for jurisdictions reaching diametrically opposed conclusions regarding the same monetary innovation? The competing paradigms range from embracing state-issued digital money with legal tender status to outright prohibition in favour of private sector alternatives (Avgouleas & Blair, 2024, pp. 103-112; Krause, 2025a; Palmstorfer & Erbilin, 2025, pp. 210-231). These divergent strategies reflect deep policy disagreements over financial privacy, monetary sovereignty, and the structure of the banking system (Palmstorfer & Erbilin, 2025, pp. 210-231; Li & Li, 2025, p. 179; Ozili, 2025a, pp. 201-223).

2. Legal Tender and State-Led Digital Integration

This paradigm views CBDC as an essential instrument of state monetary control, positioning it as the digital equivalent of physical cash and seeking to solidify its status through legal frameworks enforcing acceptance (Palmstorfer & Erbilin, 2025, pp. 210-231; Zatti & Barresi, 2024, pp. 345-358). Given that CBDCs are classified as digital fiat money, the issuing state has the prerogative to designate them as legal tender. This is significant because the legal definition of money is fundamentally grounded in legal tender status: it is through this designation that the state identifies a medium of exchange capable of validly and definitively extinguishing monetary obligations. Legal tender thus operates as the juridical

mechanism through which the state sanctions what constitutes money within its monetary order (Zatti, 2023, pp. 197-212).

Several characteristics underscore this paradigm. Central banks pursue CBDCs to safeguard monetary sovereignty against challenges from private cryptocurrencies, stablecoins, and foreign CBDCs (Pfister, 2023, pp. 35-66). CBDCs classified as ‘digital M0’ establish them as direct, risk-free central bank liabilities, enhancing stability and credibility (Palmstorfer and Erbilien, 2025, pp. 210-231; Sanz Bayón, 2025, pp. 309-347). Proponents argue that these currencies promote financial inclusion, improve payment efficiency, and provide alternatives to declining cash use (Gazi, 2023, pp. 83-107; Freiman, 2025, pp. 1-22).

The practical implementation varies considerably. China’s e-CNY demonstrates how CBDCs can reinforce central authority. Draft revisions to the People’s Bank of China Law envisage formal legal tender status and mandate acceptance across the public and private sectors (Li & Li, 2025). The two-tier model preserves central bank authority while delegating operational functions to commercial banks and licensed institutions. Programmable features serve state policy objectives, including transaction limits and expiry dates (Krause, 2025b).

The ECB’s digital euro project illustrates tensions within this paradigm in liberal democratic contexts. While embracing state monetary sovereignty, EU policymakers face the imperative of limiting surveillance capabilities. Design features include offline functionality and possible anonymity for low-value transactions to replicate cash-like privacy (Sangwa & Mutabazi, 2025). The question of legal tender status remains contested, as mandatory acceptance obligations could exclude populations lacking technical access – revealing tension between financial inclusion objectives and enforcement mechanisms.

3. Prohibition and Reliance on Private Digital Assets

This paradigm, most explicitly seen in the U.S., legislatively rejects retail CBDC creation, driven by fears of government overreach and banking sector destabilisation (Krause, 2025a, 2025b).

The Anti-CBDC Surveillance State Act (H. R. 5403, later H. R. 1919) represents a decisive mandate permanently prohibiting the Federal Reserve from issuing a retail CBDC (Cao, 2025, pp. 1-12; Krause, 2025b).

The Act imposes comprehensive prohibitions: the Fed cannot offer financial products directly to individuals, maintain accounts on their behalf, or issue a CBDC directly. An anti-circumvention clause prevents sidestepping through intermediaries. The Fed is restricted from programmes to test, study, develop, or implement a

CBDC unless expressly authorised by future legislation. The Federal Open Market Committee is barred from using CBDC for monetary policy,¹ preventing features such as dynamic interest rates or programmable expiry dates. The functional prohibition encompasses “any digital asset that is substantially similar under any other name or label,” establishing a technology-agnostic ban.²

The legislation aims to secure the two-tiered banking system against disintermediation, address concerns about financial surveillance, and prevent “money programmability.” A retail CBDC could afford unprecedented government control over individual finances, enabling monitoring that erodes privacy and civil liberties – concerns particularly acute in the context of authoritarian exploitation (Garita, 2025). Moreover, the concept of “programmable money” inherent in CBDCs generates concerns about an unwarranted expansion of the Fed’s monetary authority into fiscal policy. The concept of programmable money raises concerns about expanding the Fed’s authority into fiscal policy, potentially infringing on individual freedoms (Krause, 2025b; Ozili, 2025a, pp. 201-223; Sangwa & Mutabazi, 2025).

4. Core Legal and Policy Conflicts

The global divergence highlights three fundamental tensions, revealing irreconcilable philosophical commitments.

First, privacy versus surveillance in AML/CFT compliance. CBDC advocates seek ‘tiered privacy’ – anonymity for low-value payments mimicking cash – while maintaining AML/CFT compliance (Sangwa & Mutabazi, 2025; The Digital Dollar Project, 2021; Veneris, 2025). However, full privacy conflicts with regulations requiring transparent transactional data (Jiang, 2025, pp. 630-678). Opponents fear

¹ S. 1124, 2023, § 4 states: “SEC. 4. Prohibition with respect to central bank digital currency. Section 10 of the Federal Reserve Act (12 U.S.C. 241 et seq.) is amended by inserting before paragraph (12) the following: ‘(11) PROHIBITION WITH RESPECT TO CENTRAL BANK DIGITAL CURRENCY. – (A) IN GENERAL. – The Board of Governors of the Federal Reserve System may not test, study, develop, create, or implement a central bank digital currency, or any digital asset that is substantially similar under any other name or label. (B) MONETARY POLICY. – The Board of Governors of the Federal Reserve System and the Federal Open Market Committee may not use a central bank digital currency to implement monetary policy, or any digital asset that is substantially similar under any other name or label.’”

² S. 1124, 2023, §§ 2–4. Section 2 bans direct issuance to individuals; Section 3 prohibits indirect issuance “through a financial institution or other intermediary”; Section 4 (see note 1) prevents the Board of Governors from any developmental or implementation activities. The phrase “or any digital asset that is substantially similar under any other name or label” appears consistently across all three provisions, preventing circumvention through rebranding or technological variation.

that digital currencies inherently enable comprehensive tracking, creating trails that facilitate mass surveillance and override constitutional privacy protections (Skinner, 2024; Garita, 2025; Jiang, 2025, pp. 630-678; Krause, 2025a; Ozili, 2025b, pp. 59-74). Second, monetary control versus market freedom. Proponents argue that CBDCs restore monetary sovereignty and equip central banks with novel policy tools, including programmability and direct interest rate implementation (Freiman, 2025, pp. 1-22; Avgouleas & Blair, 2024, pp. 103-112). Critics view CBDCs as undermining 'popular monetary sovereignty,' transforming money from a private property right into a manipulable state policy instrument (Skinner, 2024). This perspective favours market-driven innovation through privately issued stablecoins (Jiang, 2025, pp. 630-678; Krause, 2025a).

Third, banking structure and credit intermediation. CBDC advocates suggest that bypassing or supplementing the two-tiered system could increase payment competition and reduce systemic risks (Skinner, 2024; Congress.Gov, 2025). Opponents warn that a retail CBDC would trigger destabilising deposit runs as households shift to risk-free central bank liabilities, crowding out commercial banking and undermining credit creation, which is essential to growth (Avgouleas & Blair, 2024, pp. 103-112; Tran, 2025, pp. 1-11).

These paradigmatic choices mirror prevailing social contracts and governance philosophies. Advanced democracies craft designs that limit centralised control; China accelerates the rollout, prioritising state capacity; the U.S. takes the most restrictive approach, institutionalising comprehensive prohibition (Krause, 2025a; Li & Li, 2025, p. 179; Sangwa & Mutabazi, 2025).

5. Reframing the Question: From Legal Tender Status to Legal Desirability

The enactment of legislation prohibiting a specific form of public currency raises a fundamental question: why would the sovereign legislate against its own monetary prerogative? Traditional monetary law scholarship provides no ready answer, having long assumed the legislative task consists in enabling and regulating money, not prohibiting it (Skinner, 2024). The traditional focus on legal tender status assumes that legislators will integrate digital public money into existing frameworks. Legal tender has historically ensured monetary unity and legitimised state currency (Noll, 2023, pp. 3-17). However, this focus obscures a more fundamental question: legal tender status addresses whether a CBDC can function as money, not whether it should be introduced.

This article proposes that 'legal desirability' – the systematic evaluation of whether novel monetary instruments should be introduced and under what

regulatory conditions – provides the necessary analytical lens (Zatti, forthcoming). Legal desirability transcends legal tender status to address whether the introduction serves core public policy objectives within specific constitutional and institutional contexts. Suppose such an evaluation may yield a negative determination. In that case, the U.S. Anti-CBDC Surveillance State Act represents precisely this: a legislative conclusion that a retail CBDC fails the legal desirability test despite the state's capacity to issue it. Prohibition would not be a denial of monetary sovereignty but an exercise of it – a sovereign determination that this form of public money is incompatible with constitutional values.

6. The Legal Desirability Framework

Legal desirability involves balancing potential benefits against significant risks and determining the precise legal and technical architecture necessary for implementation (Labonte & Nelson, 2022). It comprises two major components: assessing the necessity and justification for introducing the instrument, and defining the legal and regulatory framework governing its function, design, and use.

6.1. Defining Legal Desirability

The systematic evaluation begins with identifying the underlying issues a new monetary instrument seeks to address. The decision to pursue a CBDC is ultimately a policy and political matter (Bossu, Itatani & Rossi, 2020, pp. 1-51; Zatti, 2022, pp. 253-265). Central banks recognise that the absence of an explicit legal basis poses risks to their legal, financial, and reputational positions. To move beyond criticism that a CBDC is 'a solution in search of a problem,' policymakers must clearly define specific challenges or articulate unique public benefits (Labonte & Nelson, 2022; Freiman, 2025, pp. 1-22).

A thorough assessment of costs and benefits is essential: CBDC introduction should proceed only if the advantages surpass the associated costs and risks. But how is such an assessment conducted? The invocation of 'costs and benefits' risks abstraction without a structured methodology. Legal desirability provides this methodology through systematic evaluation across five interconnected dimensions, following a logical progression – from threshold questions of legal authority, through technological implications, risk trade-offs, and institutional structure, to operational feasibility verification.

The first dimension to consider is legal authority, focusing on whether there is adequate legal power for central bank issuance. It leads us to the second dimension,

which pertains to institutional design. It involves structuring mechanisms for entry, participation, and oversight, including the critical choice between account-based and token-based systems. This choice significantly influences privacy, user rights, and the application of criminal law. Within this framework, financial intermediation plays a crucial role, with considerations of commercial bank participation and the distinction between one-tier and two-tier systems, as well as safeguards such as holding limits to mitigate disintermediation risks (Rossi, 2023, pp. 67-82).

Next, we arrive at the third dimension: risk management. This dimension involves balancing competing policy objectives and addresses the acute privacy–AML/CFT trilemma. Achieving strong privacy, comprehensive compliance, and technological efficiency simultaneously appears implausible, necessitating the prioritisation of specific goals (Freiman, 2025, pp. 1-22). Policymakers must find a balance that allows for cash-like anonymity while upholding privacy, meeting regulatory requirements, and minimising surveillance risks (Jiang, 2025, pp. 630-678). The fourth dimension, technological governance, highlights that architectural choices are not normatively neutral; they can shape embedded legal relationships. The concept of programmable money, which incorporates built-in usage rules such as expiry dates or specific conditions, raises significant questions concerning government control and economic freedom (Sandner, Gross & Avdeev, 2023, pp. 141-156). It necessitates explicit consideration of the alignment between technical specifications and statutory regulations. Lastly, we must consider operational resilience, which assesses whether security, stability, and long-term viability can be ensured. It includes elements like cybersecurity, the capacity for continuous operation, crisis management protocols, and the resources available for institutional maintenance. Each of these dimensions plays a vital role in shaping the overall framework of central bank digital currencies and must be rigorously analysed to ensure effectiveness.

The legal desirability determination represents the synthesis of these five dimensions. A positive determination across all dimensions results in enabling legislation. A negative determination at any critical dimension – whether concerning legal authority, technological implications, risk acceptability, institutional feasibility, or operational capacity – may lead either to conditional preparation (pending the resolution of the problematic dimension) or to outright prohibition (where the dimension is deemed irresolvable). The U.S. legislative approach reflects a negative determination at the risk management dimension: the privacy–AML/CFT trilemma was judged unresolvable within constitutional constraints, rendering the question of operational resilience moot (Freiman, 2025, pp. 1-22).

6.2. Context-Specific Determination: Why Jurisdictions Diverge

The five dimensions provide a universal analytical structure but they do not yield universal conclusions. Legal desirability is inherently context-specific, as any evaluation depends upon jurisdiction-specific variables.

Payment system context shapes whether CBDC offers genuine added value – jurisdictions with mature fast payment systems may find the incremental benefit diminished, whereas those experiencing payment gaps may identify more substantial justifications. Financial system characteristics determine the risk profile – well-capitalised systems may tolerate disintermediation, while fragile sectors require more conservative constraints. Political economy influences the acceptability of trade-offs – jurisdictions with strong privacy traditions are likely to apply higher thresholds for surveillance-enabling architectures. Institutional capacity affects operational feasibility are likely to apply – successful implementation demands sophisticated central bank capabilities. Policy objectives extend beyond payment efficiency to financial inclusion, programmable subsidies, strategic autonomy, and monetary policy transmission – each weighted differently across jurisdictions.

These variables explain ‘rational divergence’: the EU moves forward with enabling legislation, the UK prepares cautiously, Australia focuses on wholesale applications, China deploys at scale, and the U.S. pursues prohibition. Each represents a rational response to its distinct context.

6.3. The Legal Desirability Determination

The determination synthesises a five-dimensional assessment that is filtered through jurisdiction-specific variables. A positive determination across all dimensions results in enabling legislation – the EU Digital Euro Proposal affirms legal authority through legal tender status, addresses technological governance through offline functionality and privacy-by-design, manages risks through holding limits and GDPR compliance, structures institutional design through mandatory Payment Services Providers participation, and ensures operational resilience through ECB oversight (Palá Laguna, 2023, pp. 297-308).

An adverse determination at any critical dimension may result in conditional preparation or outright prohibition. The U.S. approach reflects a negative determination in risk management: the privacy–AML/CFT trilemma was deemed unresolvable within constitutional constraints. It led not to rejecting digital money innovation altogether, but rather to an alternative framework championing regulated private stablecoins (The GENIUS Act), thereby avoiding the surveillance concerns associated with public digital currencies.

Legal desirability thus operates as a ‘constitutional convention’ for new monetary technology, resolving fundamental questions regarding authority, technology, risks, structure, and feasibility differently across jurisdictions – prior to deployment.

7. Legal Tender, Legal Desirability, and the Future of Monetary Sovereignty

The central conclusion is that legal tender status, while fundamental for CBDCs, is necessary but not sufficient to establish legal desirability. Legal tender provides the legal mechanism for discharging obligations, constitutes official state sanction, promotes acceptance and trust, and is a decisive factor in ensuring universal access. However, its mere imposition does not guarantee success, nor does it address concerns regarding fairness, technical requirements, and public acceptance.

Three insufficiencies emerge. First, technical and inclusion barriers: legal tender presupposes the technical capacity to receive payment; where this capacity is lacking, the designation becomes hollow. Second, privacy and cost concerns: legal desirability requires design choices that protect users and ensure affordability, irrespective of legal tender status – privacy must be guaranteed, basic services must be accessible free of charge, and the role of commercial banks must be clearly defined. A CBDC that enables comprehensive surveillance fails risk management, regardless of its formal standing. Third, legal and criminal status complexities: token-based CBDCs lack a clear private law status, complicating the extension of circulation-promoting privileges; criminal protection against electronic counterfeiting raises fundamental questions, given that existing laws focus on material currency.

Ultimately, currency adoption as legal tender depends on jurisdiction-specific constitutional values, legal principles, and financial policy objectives. Legal tender ensures valid debt discharge, but legal desirability also depends on technological accessibility, broad acceptance, and safeguards against surveillance and misuse.

7.1. Challenges to Traditional Monetary Legitimacy

The digital era fundamentally challenges assumptions about what legitimises public money. Historically, legitimacy rested on state regulatory power and central bank issuance authority. Three challenges destabilise these foundations.

First, monetary sovereignty faces competition from decentralised assets and private payment systems. Private digital currencies threaten monetary control, as populations may potentially shift to alternatives. Central banks view CBDCs as

necessary to safeguard sovereignty; however, retail CBDCs alter the two-tiered banking structure, raising concerns regarding disintermediation.

Second, the privacy–surveillance conundrum proves intractable. Cash guarantees a level of anonymity that digital money cannot replicate without conflicting with AML/CFT requirements. The U.S. resolves this structurally by prohibiting retail CBDCs and transferring compliance responsibilities to regulated private institutions, mandating that any acceptable digital dollar preserve the privacy protections afforded by physical currency.

Third, programmable money challenges the assumption that money should be a neutral medium of exchange. Critics express concern over digital financial repression, whereby governments could dictate spending. Programmability may blur monetary-fiscal policy boundaries. U.S. legislation specifically maintains economic freedom by ensuring money remains neutral.

7.2. Emerging Research Agenda: Constitutional Federalism and Monetary Prohibition

Prohibitionist legislation creates novel challenges. U.S. federal prohibition, combined with state-level bans – such as Florida’s exclusion of CBDC from its Uniform Commercial Code definition of ‘money’ – gives rise to foreseeable conflicts should federal policy eventually authorise a CBDC.

The research challenge lies in the tension between states refusing to accept federally authorised currency, since it is the Constitution that grants Congress exclusive coinage power. Future litigation may involve individuals suing state entities for rejecting a federally authorised CBDC. Research must therefore develop frameworks addressing state sovereign immunity – potentially extending structural implied waivers under the Coinage Clause – to enforce federal monetary authority.³

7.3. Competing Conceptions of Monetary Sovereignty

Divergent approaches reflect competing conceptions of sovereignty: sovereignty as state capacity versus sovereignty as constitutional restraint.

The first conception views monetary authority as absolute power, aligns with the State Theory of Money, and finds expression through programmable money and surveillance capacity. China’s e-CNY exemplifies this, emphasising traceability and programmability to achieve state objectives, including corruption control and capital enforcement.

³ United States Constitution, Article I, Section 8, Clause 5 (the ‘Coinage Clause’), which vests in Congress the power ‘[t]o coin Money, regulate the Value thereof, and of foreign Coin.’

The second conception sees sovereignty residing in the people, with state power limited by constitutional guarantees that protect individual rights and privacy. The American tradition exemplifies this approach, understanding money as a bundle of rights encompassing popular monetary sovereignty, property in monetary value, and monetary privacy. The Anti-CBDC Surveillance State Act mandates a permanent prohibition, reflecting the conviction that government-controlled digital currency threatens individual liberty. The legislation prevents the Federal Reserve from engaging in retail functions, safeguards private banking from disintermediation, and prohibits CBDCs for monetary policy, thereby addressing concerns over potential weaponisation.

This divide has led the U.S. to reject sovereign digital currency while embracing regulated stablecoins, prioritising the preservation of privacy and economic freedom over direct governmental control.

7.4. Tensions within U.S. Monetary Constitutionalism

The U.S. position reveals several structural conflicts. First, the separation of powers: Congress asserts its authority under Article I by prohibiting Federal Reserve CBDC activities, raising questions regarding central bank independence constraints while preventing monetary-fiscal blurring (Krause, 2025a). Second, privacy–compliance tension: the Act prioritises privacy by banning retail CBDCs, though reliance on stablecoin transfers surveillance responsibilities to private actors (U.S. House Committee on Financial Services, 2025). Third, the market–sovereignty tension: prohibition reinforces a two-tiered banking system and champions market-based solutions, but carries the risk of ceding technological leadership to jurisdictions such as China.

7.5. Conclusion by Numbers

Most jurisdictions are not following the prohibitionist model. As of early 2025, 134 jurisdictions, representing 98 per cent of global GDP, were engaged with CBDCs (Atlantic Council, 2025). To date, only the Bahamas, Jamaica, and Nigeria have launched CBDCs (Tran, 2025, pp. 1-11); China's pilot involves hundreds of millions; the European Central Bank expects to launch the digital euro in 2029, subject to EU legislative adoption in 2026 (ECB, 2025); the Bank of England continues its design phase for a digital pound, with a decision on whether to proceed expected in 2026 (BoE, 2025); and 49 jurisdictions are currently running pilot projects (Atlantic Council, 2025).

The U.S. is the only major economy to ban CBDCs, making it a global outlier. Some jurisdictions have paused projects for specific reasons – Denmark due to adequate existing solutions, Japan because of a cash preference, Brazil owing to difficulties with privacy protocols, and South Africa for lack of a compelling justification for a retail CBDC – but none have adopted a broad, philosophical prohibition.

The situation represents a fork in global policy: the majority of jurisdictions are proceeding towards centralised CBDC control, while the U.S. wagers on regulated private stablecoins. Whether prohibition risks ceding technological leadership to foreign jurisdictions remains an open question, one that will shape the future of monetary law.

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